



WILLIAMSON COUNTY

2021 BUDGET MEETING

MAY 11, 2020

AGENDA

1. Williamson County: State of the Union

2. UHC Plan Performance

3. Financial Modeling & Assumptions

- ❖ Current State
- ❖ Lookback Rolling 12
 - ❖ Pharmacy Change Impact
- ❖ COVID-19 Projected Impact
- ❖ Projected 2021 Budget

4. Network Considerations

5. Considerations

Decisions:

- Assumptions
- Contributions
- Plan Design Options



Williamson County: State of the Union



United Healthcare Plan Performance Review



Break

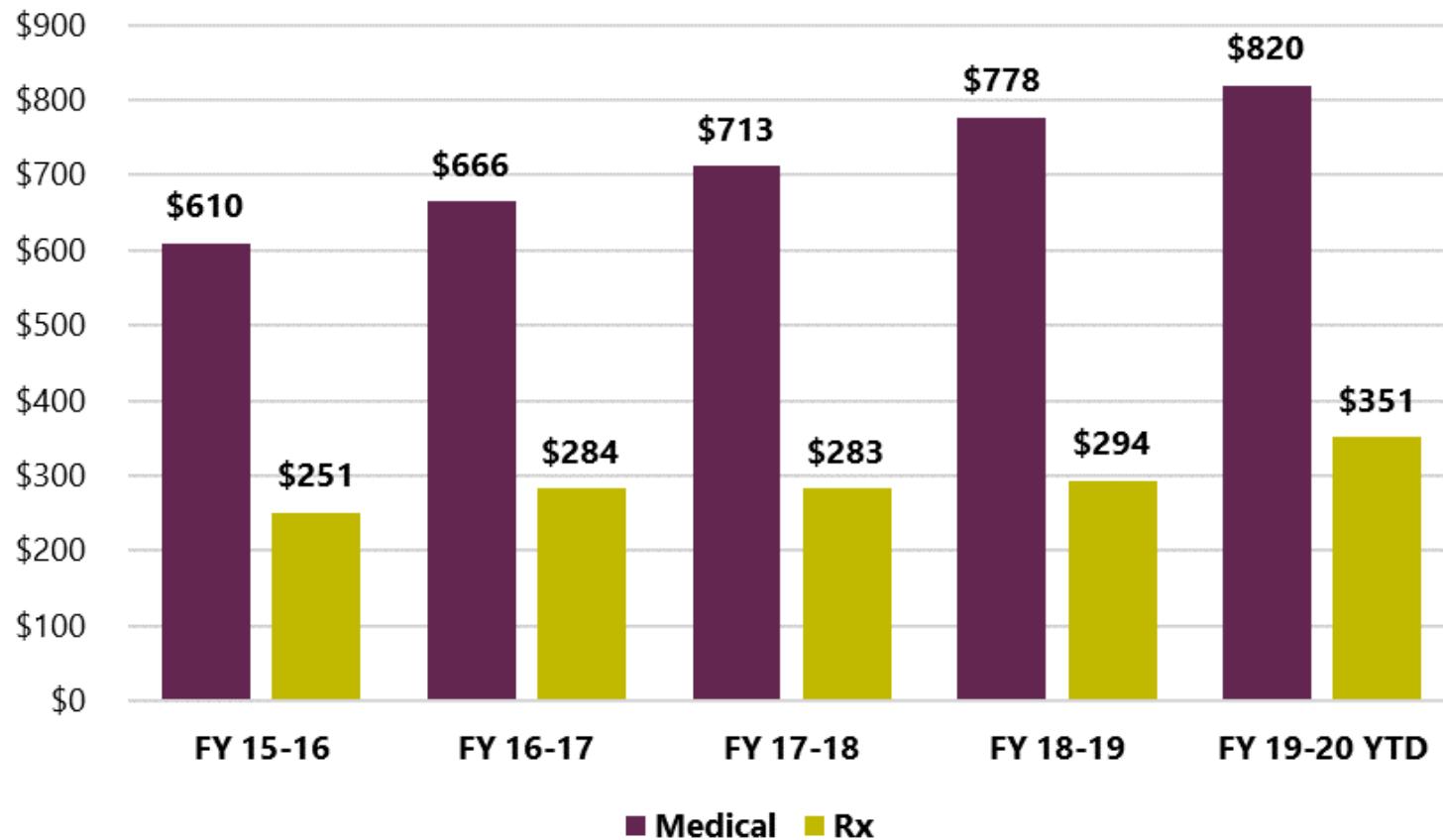


Financial Modeling & Assumptions



CURRENT STATE

Per Employee Per Month Gross Claims

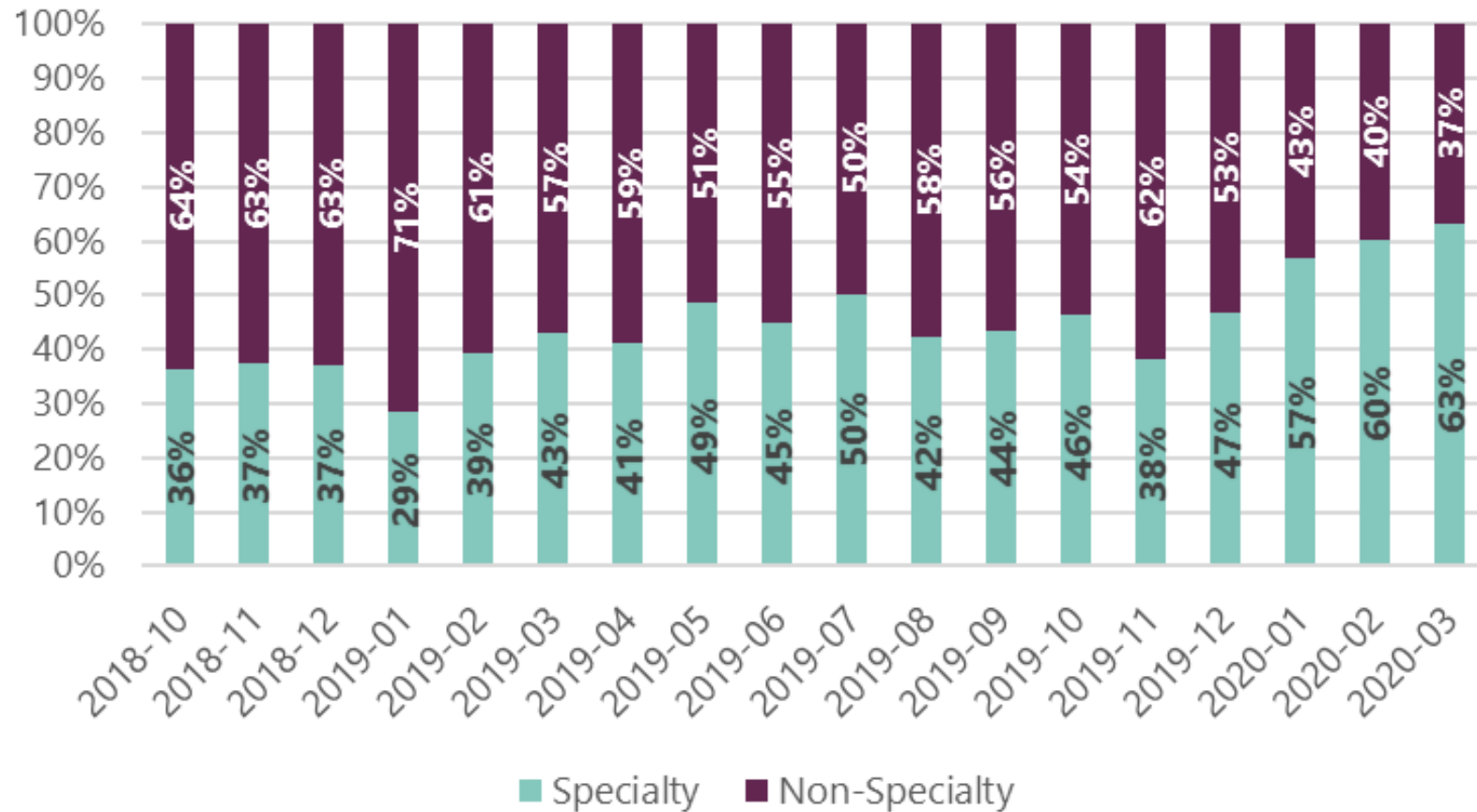


% YOY	FY 16-17	FY 17-18	FY 18-19	FY 19-20 YTD
Medical	9.2%	7.0%	9.1%	5.5%
Rx	12.8%	-0.3%	3.9%	19.6%
Total	10.2%	4.8%	7.6%	9.3%



CURRENT STATE

Specialty vs Non-Specialty Paid Claims



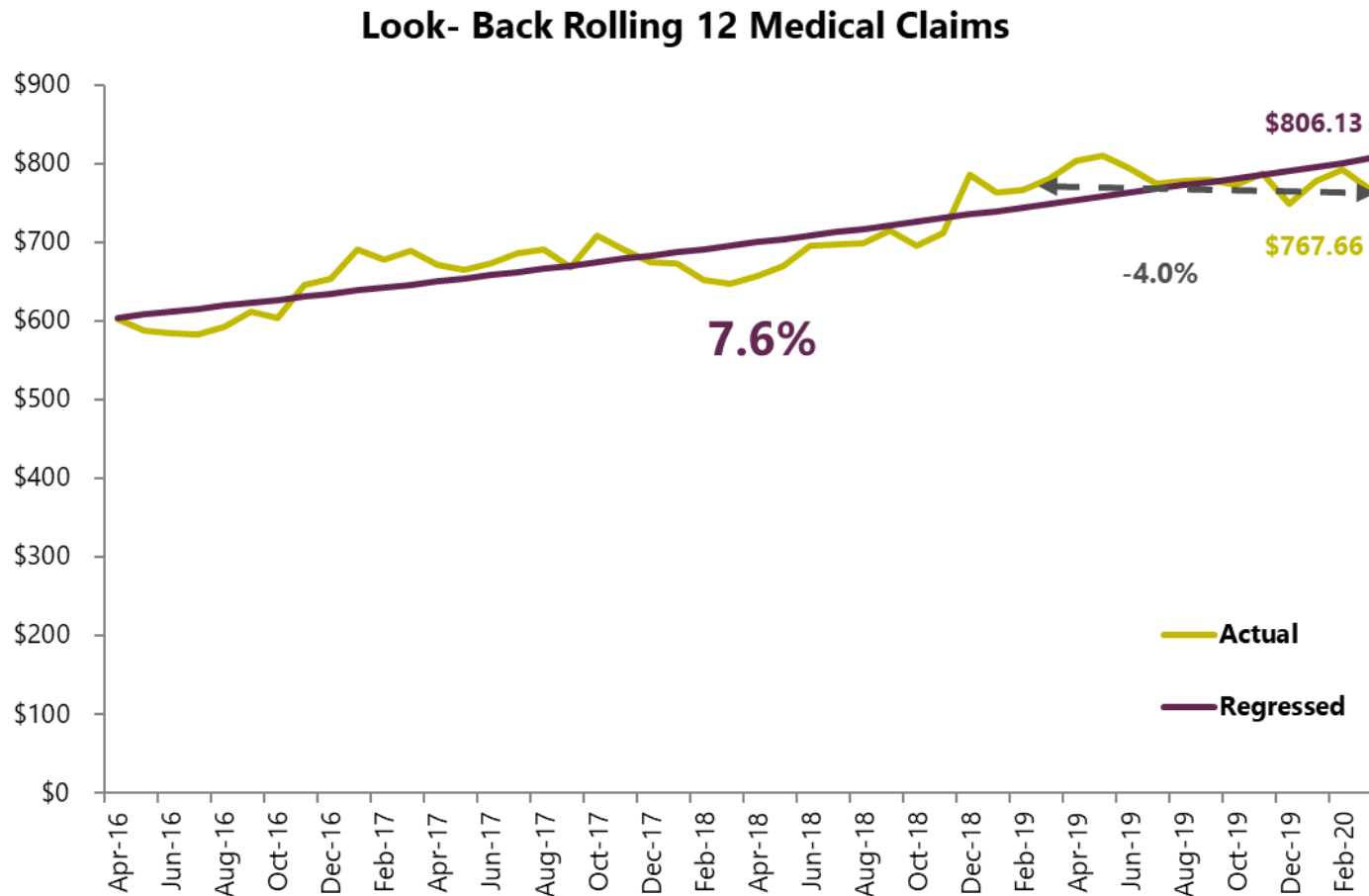
Avg. % Specialty

FY 18-19	37.3%
FY 19-20 YTD	51.8%



MEDICAL CLAIM TREND

ROLLING 12, PER EMPLOYEE PER MONTH BASIS

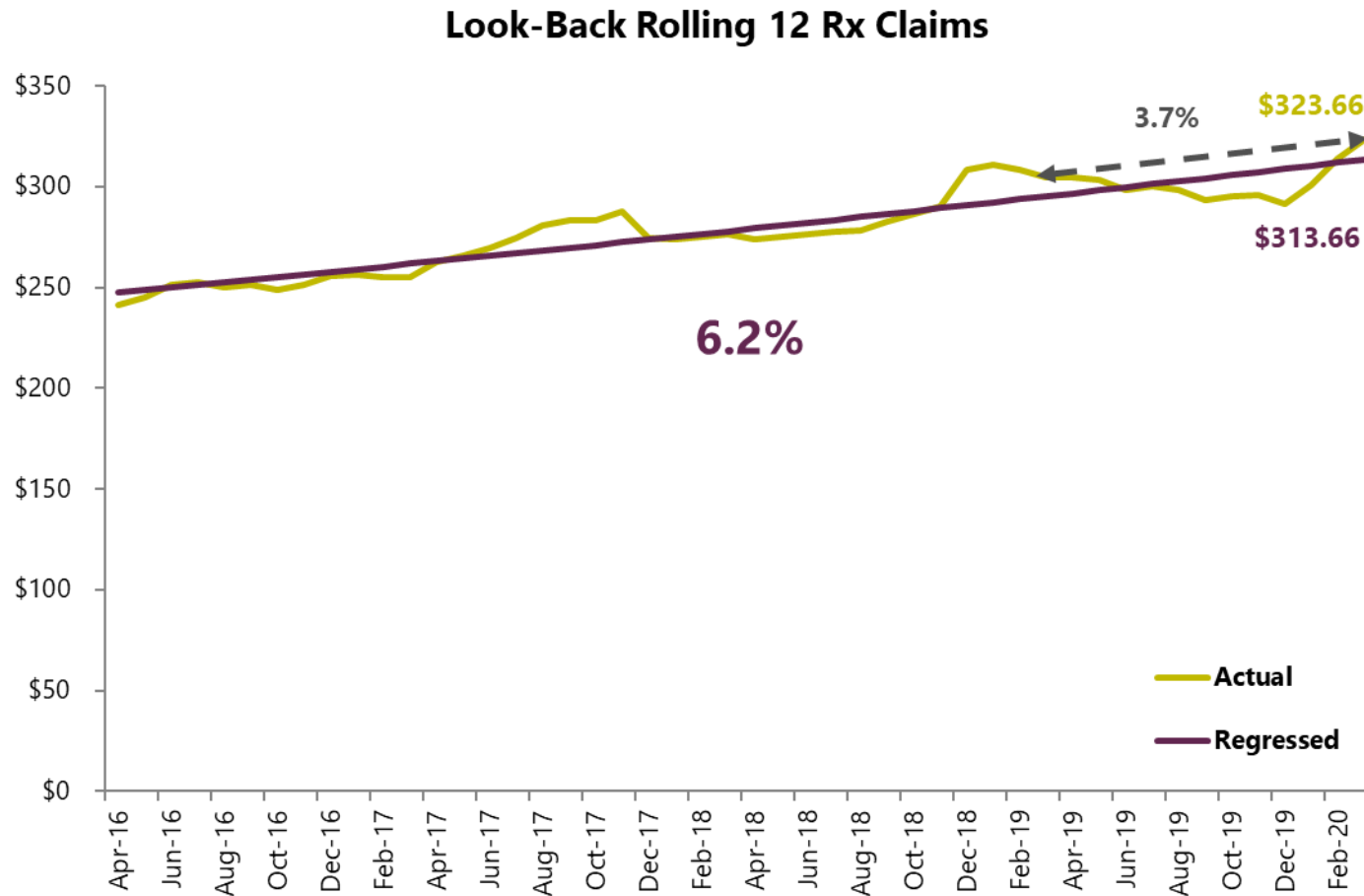


- Williamson County's historical regressed medical claim trend is 7.6%; national projected for 2020 is 6.8%
- However, over the latest 12 months, the trend has been at -4.0%



PHARMACY CLAIM TREND

ROLLING 12, PER EMPLOYEE PER MONTH BASIS

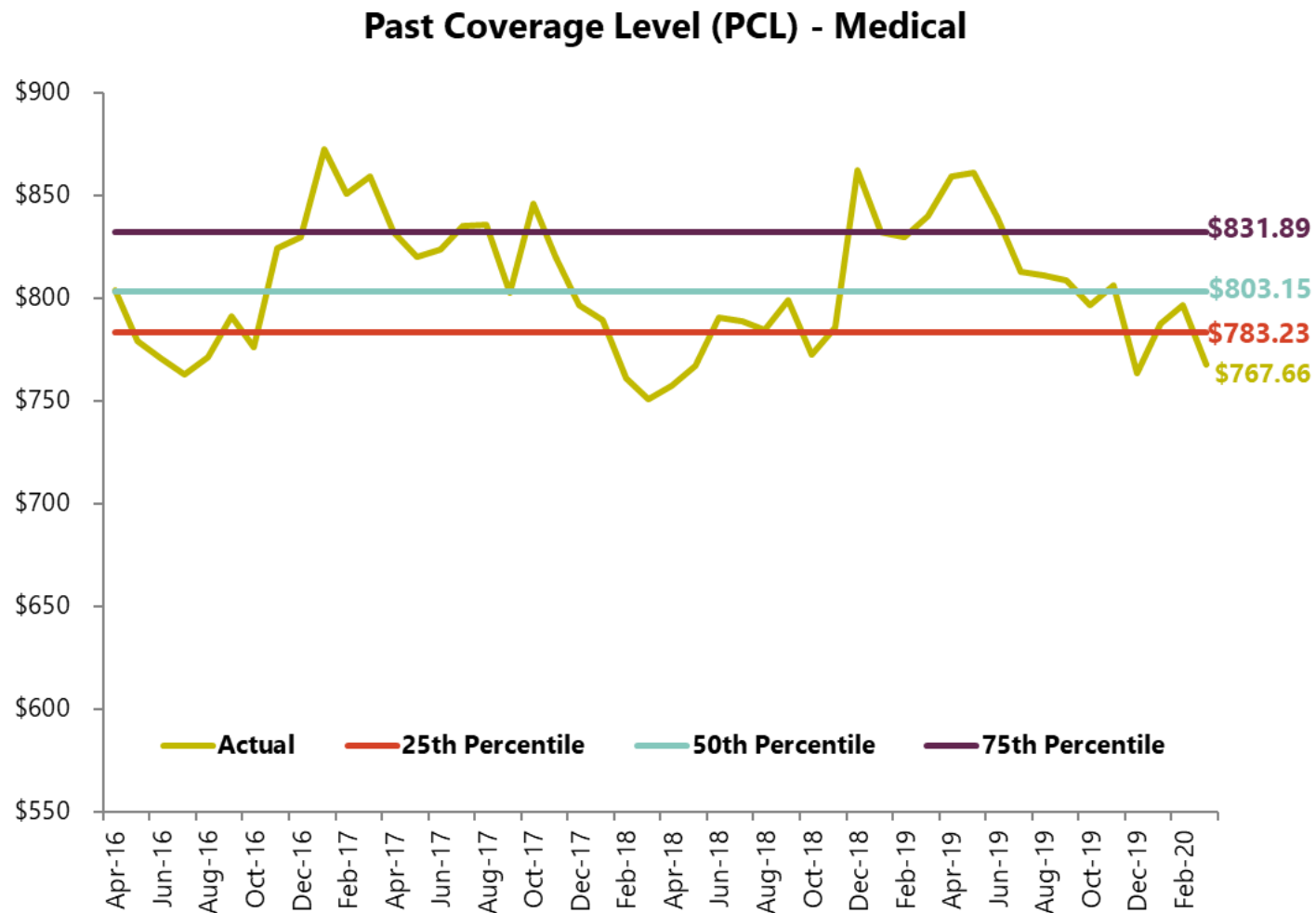


- Williamson County's historical regressed pharmacy claim trend is 6.2%; national projected for 2020 is 7.1%
- However, over the latest 12 months, the trend has been at 3.7%



HISTORICAL MEDICAL CLAIMS

PAST COVERAGE LEVEL (PCL)

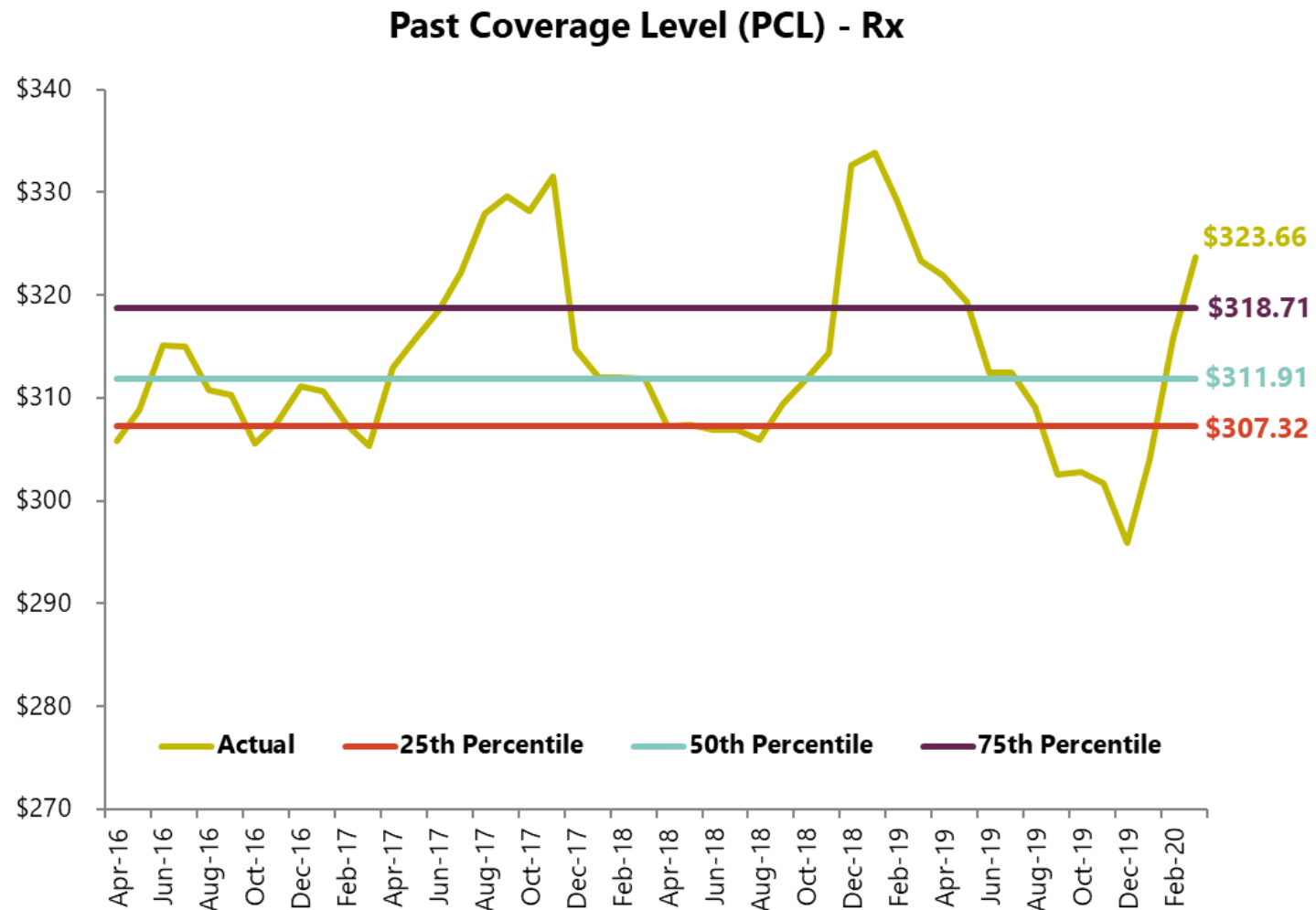


- The PCL methodology takes Williamson County's historical claims (last 48 months) and trends them to today's dollars, based on Williamson County's actual historical trend rates.
- The PCL is utilized for budgeting purposes as a risk tolerance tool.
- Medical PEPM is currently running at \$767.66 (at the 13th PCL)



HISTORICAL PHARMACY CLAIMS

PAST COVERAGE LEVEL (PCL)



- The PCL methodology takes Williamson County's historical claims (last 48 months) and trends them to today's dollars, based on Williamson County's actual historical trend rates.
- The PCL is utilized for budgeting purposes as a risk tolerance tool.
- Pharmacy PEPM is currently running at \$323.66 (at the 85th PCL)



FY 2021 ASSUMPTIONS

- Based on claims through March 2020
- FTE Positions of 1,932
- Medical trend of 6.8% and pharmacy trend of 7.1%
- Medical PCL at 40% and Pharmacy PCL at 50%
- 8% projected stop loss renewal
- UHC admin fee rate guarantee for 2021
 - Estimated Rx rebate credit increasing by \$3.71
- 6% Wellness Surcharge at \$100
- 14% Smoking Surcharge at \$100
- PCORI fee of \$2.65
- Current Enrollment
 - Nexus Plan – 1,255 (80%)
 - Choice + Plan – 313 (20%)



FIXED COST ASSUMPTIONS

2020 Plan Year		
Medical Admin	PEPM	Annual
Nexus Plan	\$53.65	\$807,969
Choice +	\$51.03	\$191,669
Total	\$53.03	\$999,638

Increase

0%

0%

2021 Plan Year		
Medical Admin	PEPM	Annual
Nexus Plan	\$53.65	\$807,969
Choice +	\$51.03	\$191,669
Total	\$53.03	\$999,638

Increase: \$0

Stop-Loss Admin	PEPM	Annual
SL Family	\$65.81	\$1,240,650
Agg SL	\$4.90	\$92,375
Total	\$70.71	\$1,333,025

Increase

8%

0%

Stop-Loss Admin	PEPM	Annual
SL Family	\$71.07	\$1,339,902
Agg SL	\$4.90	\$92,375
Total	\$75.97	\$1,432,277

Increase: \$99,252

Other Costs	PEPM	Annual
Shared Savings (R12)	\$15.79	\$297,714
Legislative	\$0.44	\$8,229
Total	\$16.23	\$305,943

Increase

N/A

5%

Other Costs	PEPM	Annual
Shared Savings (R12)	\$15.79	\$297,714
Legislative	\$0.46	\$8,619
Total	\$16.25	\$306,333

Increase: \$390

Rebates	PEPM	Annual
Rx Rebates	-\$70.10	-\$1,321,491

Increase

5.3%

Rebates	PEPM	Annual
Rx Rebates	-\$73.81	-\$1,391,491

Increase: -\$70,000



COVID-19 ESTIMATED COST

Estimated Cost of Hospitalization			
	1.0%	5.0%	10.0%
Symptomatic Infection Rate			
Number of Members	3,472	3,472	3,472
Members Infected	34.7	173.6	347.2
Members Requiring Hospitalization	1.3	6.4	12.7
Total Cost per Hospitalization	\$34,339	\$34,339	\$34,339
Members Requiring ICU	0.2	1.1	2.2
Total Cost per ICU Admission	\$86,995	\$86,995	\$86,995
Members with Mild Cases	33.23	166.13	332.27
Total Cost for Mild Cases	\$400	\$400	\$400
Geographic Modifier to Cost	1.05	1.05	1.05
COVID-19 Total Cost	\$78,686	\$393,429	\$786,857
Member Cost Share	-\$11,023	-\$55,117	-\$110,233
COVID-19 Plan Paid	\$67,662	\$338,312	\$676,624
Per Employee Per Month	\$3.59	\$17.95	\$35.89

Deferral of Elective Procedures		
Fiscal Year Impact	2019-2020	2020-2021
Projected PEPM Claims	\$1,056.59	\$1,147.91
Deferred Elective Factor	0.9193	1.0404
Adjusted PEPM Claims	\$971.29	\$1,194.25
PEPM Impact	(\$85.30)	\$46.34
\$ Impact	(\$1,608,033)	\$873,509

- Deferred services are estimated to save 25% for April, May and June and slowly ramping back to normal in October. Then it is estimated that 50% of the pent-up demand of services will return at the end of the year and into next year
- Testing is estimated at \$75 per participant
- Estimated a 20% increase in mental health claims



2021 BUDGET PROJECTION

BEFORE PLAN DESIGN OR CONTRIBUTION CHANGES

	2020 Budget	2020 HMA Reforecast	2021 HMA Projection
Total Operating Expenses	\$24,626,094	\$21,814,161	\$26,103,082
Total Revenue Accounts	\$23,592,328	\$23,465,617	\$26,103,082
(Surplus)/Deficit	\$1,033,766	-\$1,651,456	\$0

	2020	2021
FTE Positions	1,922	1,932
FTE Funding	\$799	\$901

FTE Funding Increase: 12.7%



2021 PLAN CHANGES

- Introduce a new HSA plan
 - Assume 10% enrollment in the plan
- Increase deductible on both current plans to \$2,000
- Increase the emergency room copay to \$400
- Employee contribution changes
 - 10% Increase to Employee Only, EE + Spouse, EE + Child
 - 22% / 17.5% to Family tiers
- Deferred services future potential claims removed
 - Consider future claims paid out from reserve
- Choice+ out of network strategy



2021 PROPOSED PLAN DESIGNS

Medical Plan Design

Coinurance
Annual Deductible (Individual)
Out of Pocket Max (Indiviudal)

Physician Office Visit
Specialist Office Visit

Inpatient Hospital
Emergency Room
Urgent Care

Pharmacy

Rx Deductible
Generic
Preferred Brand
Non-preferred Brand
Specialty Pharmacy

HSA Deposit (Individual/Family)

Active Enrollment %

Current (2020)	2021 Plan Year	
In-Network Benefits		
Nexus / Choice+ Plan	Nexus / Choice+ Plan	New HSA Plan
80%	80%	80%
\$1,750	\$2,000	\$3,000
\$5,500	\$5,500	\$5,500
\$30	\$30	Deductible / Coinsurance
\$55	\$55	Deductible / Coinsurance
80%	80%	Deductible / Coinsurance
\$300	\$400	Deductible / Coinsurance
\$45	\$45	Deductible / Coinsurance
<u>Retail</u>	<u>Retail</u>	<u>Retail</u>
\$50	\$50	Integrated w/ Medical
35% (\$10 Min/\$100 Max)	35% (\$10 Min/\$100 Max)	Deductible / Coinsurance
35% (\$40 Min/\$100 Max)	35% (\$40 Min/\$100 Max)	Deductible / Coinsurance
35% (\$75 Min/\$100 Max)	35% (\$75 Min/\$100 Max)	Deductible / Coinsurance
\$125	\$125	Deductible / Coinsurance
N/A	N/A	\$500/\$500
80% / 20%	70% / 20%	10%



2021 CONTRIBUTIONS CHANGES

2020 Monthly Contributions				
	<u>Employee</u>	<u>EE + Spouse</u>	<u>EE + Child</u>	<u>Family</u>
Nexus Plan	\$54.08	\$216.32	\$113.36	\$226.72
Choice +	\$211.12	\$350.48	\$269.36	\$404.56
2021 Monthly Contributions				
	<u>Employee</u>	<u>EE + Spouse</u>	<u>EE + Child</u>	<u>Family</u>
Nexus Plan	\$59.49	\$237.95	\$124.70	\$276.60
Choice +	\$232.23	\$385.53	\$296.30	\$475.36
New HSA Plan	\$44.00	\$176.00	\$92.23	\$204.58
Monthly \$ Increase				
	<u>Employee</u>	<u>EE + Spouse</u>	<u>EE + Child</u>	<u>Family</u>
Nexus Plan	\$5.41	\$21.63	\$11.34	\$49.88
Choice +	\$21.11	\$35.05	\$26.94	\$70.80
New HSA Plan	\$44.00	\$176.00	\$92.23	\$204.58
\$ Per Paycheck Increase				
	<u>Employee</u>	<u>EE + Spouse</u>	<u>EE + Child</u>	<u>Family</u>
Nexus Plan	\$2.70	\$10.82	\$5.67	\$24.94
Choice +	\$10.56	\$17.52	\$13.47	\$35.40
New HSA Plan	\$22.00	\$88.00	\$46.12	\$102.29



2021 BUDGET PROJECTION

INCLUDING PLAN DESIGN & CONTRIBUTION CHANGES

	2020 Budget	2020 HMA Reforecast	2021 HMA Projection
Total Operating Expenses	\$24,626,094	\$21,814,161	\$24,849,145
Total Revenue Accounts	\$23,592,328	\$23,465,617	\$24,849,145
(Surplus)/Deficit	\$1,033,766	-\$1,651,456	\$0

	2020	2021
FTE Positions	1,922	1,932
FTE Funding	\$799	\$837

FTE Funding Increase: 4.7%



Break



Network Considerations

NEXUS PLAN VS. OPEN ACCESS

(MOVING TO OPEN ACCESS ONLY + \$1M ANNUALLY)

NEXUS PLAN VS. NAVIGATE

(MOVING TO NAVIGATE + \$300K ANNUALLY) REQUIRES PCP SELECTION; POSSIBLY ADDS MORE CONFUSION TO MEMBERS



Considerations



2021 CONSIDERATIONS

1. INTRODUCING AN HSA PLAN
2. INCREASING DEDUCTIBLE ON BOTH CURRENT PLANS TO \$2,000
3. INCREASING THE EMERGENCY ROOM COPAY TO \$400
4. CONTRIBUTION CHANGES
5. CONSIDER FUNDING POTENTIAL COVID 19 CLAIMS PAID BY CURRENT RESERVE



NEXT STEPS

Confirm:

- Assumptions
- Contributions
- Plan Design Options



Thank You!